

Department of State Revenue

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Issue

Public Transportation – Temporary Storage.

Authority: IC 6-2.5-5-27; 45 IAC 2.2-5-61(g)

IC 6-2.5-5-27. Property used in providing public transportation.

Transactions involving tangible personal property and services are exempt from the state gross retail tax, if the person acquiring the property or service directly uses or consumes it in providing public transportation for persons or property.

[1980]

45 IAC 2.2-5-61. Public transportation, storage facilities.

(g) [P]roperty directly used for temporarily storing persons or property being transported is exempt from tax because temporary storage is considered to be an integral part of rendering transportation.

[1987]

Facts

The taxpayer is a public transportation company hauling perishable food commodities for customers. The taxpayer picks up the goods at the customer's location and delivers them to the taxpayer's cold storage facilities. The taxpayer imposes a fee based on the time the goods remain in storage. Upon receipt of further shipping instructions from the customer, the goods are delivered by the taxpayer to the customer's designated final destination.

Question

Does the storage activity described above constitute "temporary storage of property in transit" such that the equipment and supplies consumed in maintaining the storage facility are exempt from Sales Tax as used in public transportation?

Response

The storage described is not "temporary storage of property in transit" and the cold storage facility including all equipment, consumables, and utilities are subject to Sales or Use Tax.

Since the storage is requested by the customer for its own convenience, the storage is a service performed by the taxpayer and is unrelated to public transportation.

Public Transportation Temporary Storage.

"Temporary storage of persons or property in transit" is that storage required by the public transportation company to facilitate the routine transfer of persons or property between public transportation carriers or equipment or as required by unanticipated delays.

Storage that is requested by the person for whom public transportation is performed is not "temporary storage of persons or property in transit". Such storage is a service performed for the customer after public transportation has ceased. Subsequent shipment begins the public transportation activity anew.